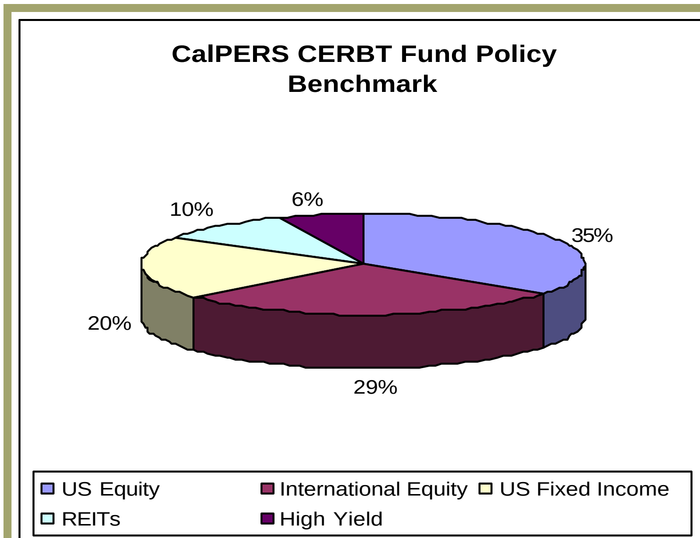
CalPERS CERBT Fund

California Employers' Retiree Benefit Trust

AUGUST 31, 2009

California Employers' Retiree Benefit Trust (CERBT) Fund

The purpose of the CalPERS CERBT Fund (the Fund) is to provide California government employers with a trust through which they may prefund retiree medical costs and other post-employment benefits. The objective of the Fund is to seek favorable returns that reflect the broad investment performance of the financial markets through moderate capital appreciation and reasonable investment income. The Fund provides opportunities for long-term growth of capital balanced with stable income. The Fund utilizes the concept of diversification through asset allocation. It is designed to carry a lower level of risk than a portfolio consisting entirely of common stocks. There is no guarantee the Fund will achieve its investment objective. The Fund's benchmark is the CalPERS CERBT Fund Policy Benchmark.



Strategy

The fund is managed in accordance with the approved target asset class allocations and is strategically designed for a moderate balance between stocks and bonds. Stocks help build the value of your portfolio over the long term while bonds provide income and stability of principal. The fund also invests in other asset classes for diversification.

Composition

This portfolio is managed according to a pre-defined asset allocation strategy consisting of CalPERS internally managed funds as follows:

Target Asset Class Allocations	
U.S. Equity	35%
International Equity	29%
U.S. Fixed Income	20%
Real Estate Investment Trusts (REITs)	10%
High Yield	6%
Cash	0%

Performance as of August 31, 2009

Past performance does not indicate future results.	Fund Portfolio Return Gross of Fees	CalPERS CERBT Fund Policy Benchmark *Gross* Return
3 Months	12.10%	12.09%
Fiscal YTD (7/1-6/30)	12.67%	12.16%
1 Year	-12.15%	-11.28%
Inception to Date (06/01/2007)	-8.52%	-9.48%

About the Fund's Benchmark

The fund's benchmark is a custom index consisting of broad-based market indexes representing the strategy of each of the fund's underlying investments. Each index is assigned the target weight for the strategy it represents.

Portfolio Manager Information

Since the inception of the Public Employees' Retirement Fund in the 1930s, investments by CalPERS have provided income (in the form of interest, dividends, and capital gains) to meet the retirement and health needs of its members. The Fund is managed by CalPERS Investment Office staff.

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What Employers Own

You own units of the Fund's portfolio that invests in accordance with the approved strategic asset allocation. You do not have direct ownership of the securities in the portfolio.

Price

The unit value of the Fund changes daily, based upon the market value of the underlying securities. Just as prices in individual securities fluctuate, the Fund's unit value changes with market conditions.

Information Accessibility

Since the Fund is not a mutual fund, information is not available from a newspaper source. Instead, the Plan's Administrator provides quarterly statements and an annual statement of your account.

Prospectus Information

The Fund consists of assets managed in a separate account, specifically for CalPERS. Because it is not a mutual fund, a prospectus is not available. This summary is designed to provide descriptive information.

Fund Assets: as of August 31, 2009

Total Assets under management in the Fund is $976,032,000.

Fee

The CERBT is a self-funded program, in which the participating employers pay for the program costs. The cost charged to participating employers is based on the average daily balance of assets. Although costs will vary from year to year, generally as the trust assets continue to grow, the annual cost rate charged to each participating employer should decrease. During the first two years of CERBT operation, the total cost to participating employers was less than 0.10% per year. As the CERBT program matures, we expect the average annual total cost to be about 0.20%. Program costs are compiled at year end and charged to the CERBT program. These costs include items like investment management, legal, actuarial, and accounting costs and are allocated to each employer based on the average daily balance of assets held throughout the entire year. Since we won't know the total actual costs until the end of each year, and because the allocation of those costs is based on the average daily balances of all assets contained within the CERBT fund, the actual cost rate will not be known until the end of the year. There are no outside investment or administrative costs. All costs charged to the CERBT are controlled under the budgetary processes in place at CalPERS and are closely monitored. There will be no separate charges for administration, trust management, or investment management. The costs for all of these activities are included. The investment return and principal value of an investment will fluctuate so that an investor's units, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data shown above.

For current performance information, including performance to the most recent month-end, please visit our website at www.calpers.ca.gov.

Additional Disclosures

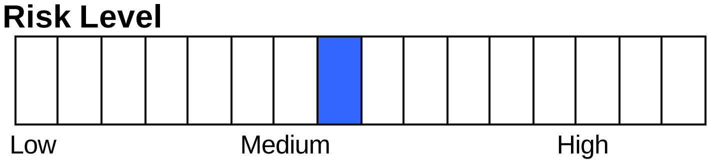
Expenses

Expenses are an important aspect of investing. To pay for the administration and management of a fund, each investor is charged a fee, which is calculated as a percentage of the amount the investor has in the fund. Even if the fund loses money during a period, the fee is still charged. Although an annual fee may seem relatively small, its effect on performance over time can be substantial.

A Note About the Fund's Risk

The fund's risks depend in part on the fund's asset class allocations and the selection, weighting and risks of the underlying investments. The degree to which the following risks apply to a particular fund may vary according to the fund's asset allocation: allocation risk, market risk, interest rate risk, credit risk, foreign risks such as political risk and principal loss.

Risk Level



Policy on Frequent Trading

CalPERS Frequent Trading Policy is an attempt to discourage excessive trading and address the tighter restrictions on retirement funds by regulators. Rather than charging frequent traders additional fees, trading may be subject to certain restrictions.

What are the fund's principal risks?

The degree to which the risks described below apply to a particular fund may vary according to the fund's asset allocation.

Allocation Risk – Each fund's ability to achieve its investment objective depends in part on the managers' skill in determining the funds' asset class allocations and in selecting and weighting the underlying funds. The managers' evaluations and assumptions regarding asset classes and underlying funds may differ from actual market conditions.

Market Risk – The value of a fund's shares will go up and down based on the performance of the underlying funds in which it invests. The value of the underlying funds' shares will, in turn, fluctuate based on the performance of the securities they own and other factors generally affecting the securities market.

Interest Rate Risk – Generally, when interest rates rise, the value of an underlying fund's fixed-income securities will decline. The opposite is true when interest rates decline.

Credit Risk – The value of an underlying fund's fixed-income securities will be affected adversely by any erosion in the ability of the issuers of these securities to make interest and principal payments as they become due.

Foreign Risk – Some of the underlying funds invest in foreign securities, which are generally riskier than U.S. securities. As a result, the funds are subject to foreign risk, meaning that political events (such as civil unrest, national elections and imposition of exchange controls), social and economic events (such as labor strikes and rising inflation), and natural disasters occurring in a country where the funds invest could cause the funds' investments in that country to experience gains or losses.

Principal Loss – At any given time your shares may be worth less than the price you paid for them. In other words, it is possible to lose money by investing in the funds.

An investment in the funds is not a bank deposit, and it is not insured or guaranteed by the Federal Deposit Insurance Corporation (FDIC) or any other government agency.